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**United States Department of Energy
Office of Hearings and Appeals**

In the Matter of: Personnel Security Hearing)
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Filing Date: December 3, 2025) Case No.: PSH-26-0020
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Issued: June 24, 2026

Administrative Judge Decision

James P. Thompson III, Administrative Judge:

This Decision concerns the eligibility of XXXXXXXXXXXXX (the Individual) to hold an access authorization under the United States Department of Energy’s (DOE) regulations, set forth at 10 C.F.R. Part 710, “Procedures for Determining Eligibility for Access to Classified Matter and Special Nuclear Material or Eligibility to Hold a Sensitive Position.”¹ As discussed below, after carefully considering the record before me in light of the relevant regulations and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (June 8, 2017) (Adjudicative Guidelines), I conclude that the Individual should not be granted access authorization.

I. BACKGROUND

On April 9, 2025, the Individual completed and signed a Questionnaire for National Security Positions (QNSP) in connection with seeking access authorization. Exhibit (Ex.) 5 at 48.² Therein, the Individual disclosed that he failed to file federal and state personal income tax returns as required for tax years 2018 through 2023 and that he was delinquent on a \$30,000 Small Business Administration (SBA) loan. *Id.* at 72–75, 78.

In September 2025, the LSO issued a Letter of Interrogatory (LOI) to the Individual, which requested information about these financial issues. Ex. 4. In the LOI, the Individual explained that he had failed to timely file his federal and state tax returns because of financial hardships, demanding work, and family responsibilities. *Id.* at 40–43. He reported that he intended to file the delinquent returns with his 2025 tax filings. *Id.* He also reported that he remained delinquent on the SBA loan because he had been unable to contact the agency to set up a payment plan. *Id.* at 44.

¹ The regulations define access authorization as “an administrative determination that an individual is eligible for access to classified matter or is eligible for access to, or control over, special nuclear material.” 10 C.F.R. § 710.5(a). This Decision will refer to such authorization as access authorization or security clearance.

² The local security office (LSO) submitted its exhibits in a PDF notebook. This Decision cites to the pages in the LSO’s exhibit notebook in the order in which they appear in the notebook regardless of its internal pagination.

On October 18, 2025, the LSO informed the Individual, in a Notification Letter, that it possessed reliable information that created substantial doubt regarding his eligibility to hold a security clearance. Ex. 1 at 6–7. In a Summary of Security Concerns (SSC) attachment to the letter, the LSO explained that the derogatory information raised security concerns under Guideline F of the Adjudicative Guidelines. *Id.* at 5.

The Individual exercised his right to request an administrative review hearing pursuant to 10 C.F.R. Part 710. Ex. 2. The Director of the Office of Hearings and Appeals (OHA) appointed me as the Administrative Judge in this matter. On May 14, 2026, I convened a hearing, pursuant to 10 C.F.R. § 710.25(d), (e), and (g), at which I took testimony from the Individual. *See* Transcript of Hearing, OHA Case No. PSH-26-0020 (Tr.). Counsel for the DOE submitted six exhibits, marked as Exhibits 1 through 6. The Individual submitted three exhibits, marked as Exhibits A through C.

II. THE NOTIFICATION LETTER AND THE ASSOCIATED SECURITY CONCERNS

The LSO cited Guideline F (Financial Considerations) of the Adjudicative Guidelines as the basis for its substantial doubt regarding the Individual’s eligibility for access authorization. Ex. 1 at 5. “Failure to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified or sensitive information.” Adjudicative Guidelines at ¶ 18. The SSC cited the Individual’s failure to timely file federal or state personal income tax returns for tax years 2018 through 2023 and the Individual’s current delinquency on a \$30,000 SBA loan. Ex. 1 at 5. The LSO’s allegations that the Individual failed to file federal and state personal income tax returns and demonstrated an inability or unwillingness to satisfy debts justify its invocation of Guideline F. Adjudicative Guidelines at ¶ 19(a)–(b), (f).

III. REGULATORY STANDARDS

A DOE administrative review proceeding under Part 710 requires me, as the Administrative Judge, to issue a Decision that reflects my comprehensive, common-sense judgment, made after consideration of all of the relevant evidence, favorable and unfavorable, as to whether the granting or continuation of a person’s access authorization will not endanger the common defense and security and is clearly consistent with the national interest. 10 C.F.R. § 710.7(a). The regulatory standard implies that there is a presumption against granting or restoring a security clearance. *See Dep’t of Navy v. Egan*, 484 U.S. 518, 531 (1988) (“clearly consistent with the national interest” standard for granting security clearances indicates “that security determinations should err, if they must, on the side of denials”); *Dorfmont v. Brown*, 913 F.2d 1399, 1403 (9th Cir. 1990) (strong presumption against the issuance of a security clearance).

An individual must come forward at the hearing with evidence to convince the DOE that granting or restoring access authorization “will not endanger the common defense and security and will be clearly consistent with the national interest.” 10 C.F.R. § 710.27(d). An individual is afforded a full opportunity to present evidence supporting his or her eligibility for an access authorization. The Part 710 regulations are drafted so as to permit the introduction of a very broad range of

evidence at personnel security hearings. Even appropriate hearsay evidence may be admitted. *Id.* § 710.26(h). Hence, an individual is afforded the utmost latitude in the presentation of evidence to mitigate the security concerns at issue.

IV. FINDINGS OF FACT

In 2016, the Individual established a business, and he was self-employed by that business until 2023. Ex. 5 at 58. At the hearing, the Individual explained that he failed to timely file his income tax returns because his business partner, whom he had relied upon for administrative and tax-related oversight, unexpectedly left their business. Tr. at 16. He testified that in attempting to prepare his returns for 2018, he had to deal with the complexity of both business and personal taxes for the first time, which he found overwhelming since he was not experienced with tax issues. *Id.* at 59, 61. He also testified that, prior to his failure to file his 2018 returns, his parents had filed his tax returns for him. *Id.* at 60. But in 2018 he instead attempted to complete the task on his own because it was too difficult for his parents. *Id.* at 62. He searched the internet for assistance and felt “immediately overwhelmed” given that he was also dealing with a friend’s recent death and the challenges of being a father. *Id.* He did not seek any tax preparation assistance at the time. *Id.* at 64.

At the hearing, the Individual acknowledged that it was ultimately his responsibility to file his returns, he failed to do so, and he accepted responsibility for that failure since the ability to file his tax returns was under his control. *Id.* at 62, 78. He recalled receiving letters from the IRS as a result of his failure to file personal income tax returns. *Id.* at 65–66. He testified, “I was overwhelmed by the complexity of the situation I inherited, and, frankly, I was struggling to keep the business afloat during the pandemic.” *Id.* at 16.

The Individual testified that he had since overcome the administrative issues that overwhelmed him in the past, and he will meet any future tax challenges by, for example, seeking professional assistance. *Id.* at 80–81. While he successfully filed his 2024 tax returns in April 2025, he testified that he could not afford to hire somebody to prepare and file his delinquent returns until December 2025. *Id.* at 89, 93–94. He filed his delinquent federal and state tax returns between December 2025 and February 2026 by working with a tax professional. Ex. A (IRS Account Transcripts); Ex. B (state tax authority tax records); Tr. at 14, 82–83, 86–87. He testified that the October 2025 Notification Letter motivated him to file his tax returns but denied that it was the only motive. Tr. at 94, 96.

Regarding the SBA loan, the Individual explained that he obtained it in approximately March 2020 because his business was struggling as a result of the COVID-19 pandemic. *Id.* at 45, 101. While he could not recall the terms of the loan, he did recall that repayment was supposed to begin in March 2023. *Id.* at 103, 106. In early 2023, he stopped operating the business and started working at a new job to bring in revenue, which he asserted was a responsible decision. *Id.* at 126.

He reported that he started receiving repayment requests from SBA in August 2024. Ex. 5 at 44; *see also* Tr. at 112 (recalling receiving SBA communications regarding repayment). He testified that he first attempted to set up the ability to make payments to SBA sometime in 2024, but he was unsuccessful until October 2025 because he had difficulty contacting an SBA representative. Tr.

at 118. At some point, SBA transferred the debt to collections. *Id.* at 17–18 (noting that the original balance had increased from \$24,600 to just over \$35,000). The Individual testified that, prior to learning that the loan had been transferred, he reached an agreement with SBA to submit 194 monthly payments of \$127 to fully satisfy the loan. *Id.* at 18–19. He also testified that he had submitted a total of two monthly payments under that agreement in November and December 2025. *Id.* at 104–06. Thus, he made the first payment two and a half years after the initial payment was due. *Id.* He explained that he had delayed repayment because he prioritized other personal financial obligations, including rent. *Id.* at 107. He also denied that he began making payments on the SBA loan as a result of receiving the Notification Letter the month prior to his first payment. *Id.*

In January 2026, he received a letter from a collections company. *Id.* at 19. He waited until the following month to open it, at which time he learned that SBA had transferred the loan to collections. *Id.* at 18–19. He contacted the collections company and spoke with a representative in an attempt to transfer his account back to the SBA. *Id.* at 20. He testified that a representative from the collections company informed him that he could have his account sent back to SBA if he dissolved his business, obtained a letter of dissolution from the state’s Secretary of State, and provided that letter to the collections company. *Id.* Based on that advice, the Individual obtained a Certificate of Administrative Dissolution and sent it to the collections company. *Id.*; Ex. C at 31. While waiting for that certificate to be processed, he made a \$200 payment on the federal website pay.gov in May 2026 because he wanted to continue making payments but was not sure that payments made directly to SBA would continue to be credited to the principal balance. Tr. at 21 (also indicating that he made the \$200 payment based on the suggestion of a collections company representative); Ex. C at 34 (screenshot indicating he made the payment of \$200 and categorized it as “Delinquent Nontax Debt”). He later learned from the collections company that his account had not been transferred back to SBA because he had dissolved his business incorrectly. Tr. at 22–23, 115. He then paid the state an administrative fee to have his business reinstated in an effort to secure the correct dissolution, and that process was still pending on the hearing date. *Id.* at 23.

He testified that he had made a total of three payments on his SBA loan and intended to continue making payments on pay.gov. Tr. at 108, 111. He testified that the collections company offered a repayment plan that was substantially more aggressive than the purported agreement he reached with SBA, which he rejected. *Id.* at 113–14. While he waits for the business to be terminated by the state, he plans to pay between \$200 and \$400 a month on pay.gov. *Id.* at 114–15. He explained that it has been difficult to address the debt because SBA would not communicate with him once the account was turned over to the collections company. *Id.* at 115. He testified that if the same circumstances were to recur that led to his financial difficulties, he would act more responsibly because he has matured and learned his lesson. *Id.* at 78–79.

V. ANALYSIS

A. Guideline F

Conditions that could mitigate security concerns under Guideline F include:

- (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;
- (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;
- (e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue;
- (f) the affluence resulted from a legal source of income; and,
- (g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Id. at ¶ 20.

I conclude that none of the mitigating conditions apply to resolve the Guideline F concerns.

First, ¶ 20(a) does not apply to resolve the concerns because the factors referenced therein do not indicate that the Individual's behavior is unlikely to recur. The evidence does not persuade me to conclude that the Individual's behavior is unlikely to recur due to the passage of time because the Individual only filed his belated returns four months before the hearing despite failing to do so for multiple, consecutive years; and, as discussed below, he is still attempting to make arrangements to address his outstanding, delinquent SBA loan. The behavior is not infrequent for the same reasons. Furthermore, the evidence does not persuade me to conclude that the Individual's behavior is unlikely to recur due to unusual circumstances. While the Individual pointed to a series of personal and professional challenges—specifically the unexpected departure of his business partner, the difficulty of managing both business and personal taxes for the first time, family responsibilities, and the sudden death of a close friend—these circumstances do not fully explain or excuse his multi-year failure to address his obligations after those events occurred. As for his failure to file his tax returns, he had a continuing yearly obligation to file them. His failure to properly plan to accomplish that task on his own, year after year, is not mitigated because he lost the support of his business partner whom he had previously relied upon. Similarly, while his personal challenges and the demands of parenting are noted, they do not establish that unusual

circumstances prevented the Individual from making contact with SBA to address his outstanding loan even if business challenges made it difficult for him to make payments when they initially became due.

Second, ¶ 20(b) is inapplicable for the following reasons. The fact that he relied on his business partner for the paperwork necessary to complete his personal income tax returns does not excuse his failure to take appropriate action to meet his annual filing obligation, especially after the first filing season. The Individual did not argue or provide persuasive evidence to demonstrate that his failure to file his income tax returns for tax years 2018 through 2023 was beyond his control. By his own admission, he had obtained the necessary assistance to file his returns in previous years, he did not seek assistance for the years at issue, and he acknowledged that his failure to timely file his income tax returns was within his control. Turning to the SBA loan, the business challenges the Individual described may have been due to conditions beyond his control given that, if true, his inability to bring in business revenue was the result of a changing and difficult economy during the pandemic. But he also asserted that he did not follow through with any contemporaneous attempt to connect with SBA in order to report his challenges or structure some sort of deferment, agreement, or modified payment plan despite receiving communications from them. In other words, he did not act responsibly given the circumstances. In reaching this conclusion, I note the absence of any evidence to corroborate his assertion that he entered into an agreement with the SBA prior to receiving notice that the debt had been transferred to the collections company. The fact that the SBA transferred the debt to collections and ceased communications provides circumstantial evidence to the contrary and therefore further supports my conclusion that he did not act responsibly to address the issues related to his SBA loan.

Third, ¶ 20(c) is inapplicable because the Individual did not assert that he pursued financial counseling from a reputable source.

Fourth, ¶ 20(d) does not apply to resolve the concerns because, while the Individual claims to have made some efforts to repay the SBA loan, he is not currently adhering to a valid payment agreement. He testified to several recent actions, including attempting to dissolve his business and making a single \$200 payment via pay.gov in May 2026. However, these actions do not constitute adherence to a structured, good-faith repayment effort. By his own admission, he is not currently in a formal payment arrangement with SBA or the collection agency. Prior to the transfer of the debt, he had only reportedly made two monthly payments in late 2025, which occurred more than two and a half years after the initial payment was due. He has since refused the repayment plan offered by the collections company and is instead relying on sporadic payments and an unfinished state dissolution process. These minimal, uncoordinated efforts do not satisfy the requirements of adherence to a good-faith effort at resolving outstanding debt.

Fifth, ¶ 20(e) is inapplicable because the Individual did not dispute the legitimacy of his SBA loan and admitted that it went to collections because he failed to make timely payments.

Sixth, ¶ 20(f) is irrelevant to the facts of this case because the LSO did not allege that the Individual demonstrated unexplained affluence.

Lastly, ¶ 20(g) is inapplicable because, while the Individual eventually filed his delinquent tax returns, several factors demonstrate that the related security concerns remain unresolved. *See* 10 C.F.R. § 710.7(c) (requiring that I consider “the circumstances surrounding the conduct” in evaluating whether the security concerns are resolved). The Individual failed to file his tax returns for six consecutive years and did not file the delinquent returns until approximately four months ahead of the hearing and two months after receiving the Notification Letter. Thus, he only took action once it became apparent that his eligibility to obtain a security clearance was in imminent jeopardy. While he denied that he only acted because of the Notification Letter, I must consider the timing of his efforts which cause me to question the credibility of that assertion and therefore his credibility in general. By his account, he found it insurmountably challenging to make contact with SBA until the month after he received the Notification Letter, which I do not find credible. Similarly, he did not actually file his delinquent returns until after he received the Notification Letter. I am also not persuaded by his assertion that he needed to obtain sufficient funds to pay for assistance in completing his tax filings because he has not demonstrated that he made any effort to seek the services of a nonprofit or cost-free provider. Given the questionable credibility of his testimony regarding his efforts, I am skeptical of his testimony regarding his willingness and ability to file his tax returns in the future, especially in light of his multi-year pattern of failing to do so. Finally, the fact that he has not yet addressed the SBA loan by finalizing an agreement makes me concerned that he will likely fail to follow through with his stated intention to meet his financial obligations, including future tax filings.

For the aforementioned reasons, I find that none of the mitigating conditions under Guideline F are applicable to the facts of this case. Accordingly, the Individual has not resolved the security concerns asserted by the LSO under Guideline F.

VI. CONCLUSION

In the above analysis, I found that there was sufficient derogatory information in the possession of DOE to raise security concerns under Guideline F of the Adjudicative Guidelines. After considering all the relevant information, favorable and unfavorable, in a comprehensive, common-sense manner, including weighing all the testimony and other evidence presented at the hearing, I find that the Individual has not brought forth sufficient evidence to fully resolve the security concerns asserted by the LSO. Accordingly, I have determined that the Individual should not be granted access authorization. This Decision may be appealed in accordance with the procedures set forth at 10 C.F.R. § 710.28.

James P. Thompson III
Administrative Judge
Office of Hearings and Appeals